PROPOSITION

81

CALIFORNIA READING AND LITERACY IMPROVEMENT AND PUBLIC LIBRARY CONSTRUCTION AND RENOVATION BOND ACT OF 2006.

OFFICIAL TITLE AND SUMMARY ★ ★ ★

Prepared by the Attorney General

California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of 2006.

- This act provides for a bond issue in an amount not to exceed a total of six hundred million dollars ($600,000,000) to provide funds for the construction and renovation of public library facilities in order to expand access to reading and literacy programs in California's public education system and to expand access to public library services for all residents of California.
- First priority given to eligible projects that were not funded under 2000 Library Bond Act.
- State General Fund money appropriated to pay off bonds.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- State cost of about $1.2 billion over 30 years to pay off both the principal ($600 million) and interest ($570 million) costs of the bonds. Payments of about $40 million per year.
- One-time local costs (statewide) of about $320 million to pay for a share of library facility projects. Potential additional local operating costs (statewide) of several millions of dollars annually.

Final Votes Cast by the Legislature on SB 1161 (Proposition 81)

Senate:	Ayes 28	Noes 9
Assembly:	Ayes 57	Noes 15

ANALYSIS BY THE LEGISLATIVE ANALYST

BACKGROUND

For the most part, cities, counties, and special districts pay the costs of operating and building local libraries. These libraries do receive some money from the state and federal government for local library operations. For example, local libraries throughout the state are receiving about $46 million this year from the state and federal governments for various operating costs.

The state also provides funds to help pay for the construction and renovation of library facilities. This funding typically is raised through general obligation bonds. For example:

- In 1988, state voters approved Proposition 85, which authorized $75 million in general obligation bonds to fund grants to local agencies for building, expanding, or renovating library buildings.
- In 2000, voters approved Proposition 14, which provided an additional $350 million in bond funds for library projects.

Both grant programs required local agencies to pay for 35 percent of the cost of the project with their own funds. Proposition 14 funded 45 projects, many of which are currently under way. Eligible applications were submitted for an additional 60 projects which were not funded. These unfunded applications sought $506 million in state bond funding.

★ ★ ★ ANALYSIS BY THE LEGISLATIVE ANALYST (CONTINUED)

PROPOSAL

This proposition allows the state to sell $600 million of general obligation bonds for local library facilities. The state would use these bond funds to provide grants to local governments to:

- Construct new libraries.
- Expand or renovate existing libraries.
- Acquire land for new or expanded libraries.
- Provide related furnishings and equipment.

These grant funds could *not* be used for (1) books and other library materials, (2) certain administrative costs of the project, (3) interest costs or other charges for financing the project, or (4) ongoing operating costs of the new or renovated facility.

This grant program is similar to the 2000 program. For example, local agencies would be required to pay 35 percent of the project cost and individual grants could range from $50,000 to $20 million.

The new program grants first priority to eligible applications that were submitted but not funded under Proposition 14. No more than $300 million of the new funding would be reserved for these applications. The remaining bond funds would be available for new applications. The measure also reserves $25 million for "joint use" projects serving both a library and a public education institution (such as a school district or college).

The proposition provides for a seven-member state board to adopt policies for the program and decide which local agencies would receive grants. In reviewing local applications, the board must consider factors such as (1) the needs of urban, suburban, and rural areas; (2) the age and condition of existing library facilities in the area; and (3) the financial ability of the local agencies to operate library facilities.

Bonds. General obligation bonds are backed by the state, meaning the state is required to pay the principal and interest costs on these bonds. State General Fund revenues would be used to pay these costs. These revenues come primarily from state personal and corporate income taxes and the state sales tax.

FISCAL EFFECT

Costs to Pay Off Bonds. For these bonds, the state would likely make principal and interest payments from the state's General Fund over a period of about 30 years. If the bonds are sold at an average interest rate of 5 percent, the cost would be almost $1.2 billion to pay off both the principal ($600 million) and interest ($570 million). The average payment would be about $40 million per year.

Local Cost to Match State Funds. As mentioned above, in order to receive a state grant a local agency must provide 35 percent of the project cost. Thus, on a statewide basis, local agencies would need to spend about $320 million. The cost would vary by local agency depending on the cost of the specific project.

Costs to Operate New Library Facilities. Local agencies that build new or expand existing libraries would likely incur additional operating costs. These costs—statewide—could be several millions of dollars annually.

For text of Proposition 81 see page 48.

PROP 81 CALIFORNIA READING AND LITERACY IMPROVEMENT AND PUBLIC LIBRARY CONSTRUCTION AND RENOVATION BOND ACT OF 2006. ★ ★ ★

ARGUMENT IN FAVOR OF PROPOSITION 81

- *Proposition 81 strengthens the partnership between local schools and libraries.*

Millions of our friends and neighbors suffer silently from functional illiteracy. They are unable to read and perform daily life skills like paying bills, understanding instructions on medicine bottles or workplace safety manuals.

Illiteracy often passes from one generation to the next. Businesses suffer from productivity losses and lower quality products. Without basic literacy skills, good-paying jobs are simply out of reach for many.

Illiteracy is not limited by age, race, gender, or geography. Over three million native English-speaking Californians are functionally illiterate.

Libraries and schools are working together to educate our youth and provide literacy programs to adults and families to reverse this trend.

- *Local libraries are vital to education, provide a safe place for children, and serve the disabled.*

Libraries provide critical literacy and job skill improvement programs for children and adults. They are a safe place for students to study and complete homework assignments. For many, they are the only place to study and use computers to compete in today's information economy. Libraries also provide large print books, books on tape, and other services for people with disabilities.

- *Libraries are underfunded and in disrepair.*

Skyrocketing library use is causing an already underfunded system to rapidly deteriorate. Many communities have no local libraries, despite significant local population growth.

This makes it difficult to take advantage of important children's reading programs, student homework centers, services for seniors and the disabled, and literacy programs.

A 2003 needs assessment, conducted by the California State Library, concludes there are more than 500 public library building projects needed in the next five years.

- *Proposition 81 is not a tax increase.*

By using state bond money for renovating or building libraries, more local funds will be available for expanding children's reading programs, improving book collections, providing services for seniors and people with disabilities, and increasing literacy efforts.

- *State pays 65%—local government pays 35%.*

While this effort will not fund all our library needs, approved projects combine both state bond money (65% of project costs) and local funding (35%), maximizing the effectiveness of these critical resources. Previously approved projects between libraries and schools are targeted for priority funding. Most of the new projects funded by this bond money will also be school/library partnerships.

- *Proposition 81 puts money into vital needs, not administrative overhead.*

By law, local governments *cannot* use one penny of this bond money for administrative costs.

Libraries *can* build homework centers for students, expand literacy centers and facilities for reading programs, and upgrade electrical and telecommunications systems to accommodate computers and increased Internet access for students, people with disabilities, and adult learners.

- *By strengthening the partnership between libraries and schools, Proposition 81 will be an important part of achieving California's literacy goals and strengthening our entire educational system.*

Please join us. Vote Yes on Proposition 81.

JACQUELINE JACOBBERGER, President
League of Women Voters of California

HENRY L. LACAYO, State President
Congress of California Seniors

MARY BERGAN, President
California Federation of Teachers

REBUTTAL TO ARGUMENT IN FAVOR OF PROPOSITION 81

Didn't we say that the supporters of Proposition 81 would tell you how much they needed your money? As we said, they would claim that they don't have enough money, and only this money would save libraries in this state.

What happened to the $300 million loan we gave them in 2000, just six short years ago? How did they spend that money? If you go back and read their arguments from that time, they said exactly the same thing that they are saying now.

The problem is the politicians have refused to make libraries a priority. Today, state spending is $43 billion more than it was just 7 short years ago. Could the state use just two percent of that money to pay for library improvements?

Yes, they could, but that means the politicians would have to take the money from their pet projects, like welfare, free health care, and reduced college tuition for illegal aliens, and give it to libraries.

Why would they do that, however, if we just keep letting them borrow the money for the services we want, and letting them spend our tax dollars on their pet projects?

Voting against this bond is *not* a vote against libraries. It is a vote against free spending politicians who spend their money on candy, and buy meat and bread with the credit card.

We will either say no now, or face bankruptcy very soon. Join us and say no.

ASSEMBLYMAN RAY HAYNES, Member
California State Assembly

JON COUPAL, President
Howard Jarvis Taxpayers Association

LEW UHLER, President
National Tax Limitation Committee

Arguments printed on this page are the opinions of the authors and have not been checked for accuracy by any official agency.

ARGUMENT AGAINST PROPOSITION 81

It is never enough.

Did you realize that, prior to 1986, the state only owed $4 billion in bonds? California and its taxpayers built our entire freeway system, the entire university system, our water system, and all of our grade and high schools without borrowing a dime.

Today, we, our children, and our grandchildren owe over $50 billion, a one thousand two hundred and fifty percent increase in just 20 years. And it is still not enough.

In 1988, the politicians told us our libraries were in trouble, and needed more money. We were told that even though the state had a $20 billion budget, we were in trouble. We were told that the state could not afford to spend anything out of its budget on libraries, and we had to borrow the money. So we took out our credit card and borrowed $75 million.

But it wasn't enough.

In 2000, we were told our libraries were in trouble again, and, even though the state budget was $64 billion, we could not afford to spend a dime of that money on libraries, and we had to borrow another $350 million for libraries. We were told by the politicians we would save our libraries if we just borrowed this money one more time. So we took out our credit card again, and borrowed the money.

Six years later, we are again being told that we need to borrow money for libraries, only this time they need $600 million.

Since 1988, the price tag for our libraries has risen 600 percent in borrowed money. Since 1988, the state budget has increased 500 percent, from $20 billion to $100 billion. The state has five times the money it had in 1988, and it can't find $600 million for libraries? In our present budget, $600 million is 6/10ths of one percent of the budget. We spent $9 billion on illegal alien welfare last year, yet the state can't find one dime in money for libraries, and has to borrow money again? Something is wrong.

We are going to be told how important libraries are, and how we have to borrow the money again. These politicians want our children and our grandchildren to keep paying more and more, so they can keep giving more and more of their money to illegal aliens and self-indulgent bureaucrats.

The only way we can stop this is to say no. Maybe if we say no, they will quit asking us to pull out the credit card. Maybe they will quit spending money on stuff we don't want, and start spending it on stuff we do want, like libraries. Instead of letting them borrow the money, we need to tell them to take the money away from the illegals, and give it to us in libraries. Please say no to this bond. It is not a no to libraries; it is a no to self-indulgent politicians who have spent our tax dollars unwisely.

Tell them enough is enough.

ASSEMBLYMAN RAY HAYNES, Member
California State Assembly

LEW UHLER, President
National Tax Limitation Committee

JON COUPAL, President
Howard Jarvis Taxpayers Association

REBUTTAL TO ARGUMENT AGAINST PROPOSITION 81

The opponents' argument is simply misleading.

California's infrastructure needs have always required an investment. In the 1950s and 60s, when many of the state's great building projects were undertaken, bonds were a commonly used financing method.

Under Prop. 81, the annual interest and principal payment will be less than $2 per California resident . . . to build and renovate dozens of libraries statewide . . . bring thousands of local jobs, and significantly boost local economies . . . foster partnerships between libraries and schools . . . help fight illiteracy and support education.

California's population of young people and seniors—the two most significant library users—has exploded and continues to swell.

Although Proposition 81 asks for significantly less than the $4 billion needed to fully meet anticipated need by 2011, by combining a 65% state match with 35% locally generated funds, Prop. 81 will actually result in nearly $900 million being spent in local communities.

And, libraries are more relevant than ever in the Internet age. They are a resource for people needing assistance, instruction, or free access to computers or high speed Internet. Libraries are community centers and safe places for children to go after school. They help fight illiteracy and are an essential component of a quality education. Just visit your local library on the weekend, a weekday afternoon, or any morning at opening time. You'll find an institution that is alive, crowded, and essential to the community.

Support the school/library partnership. *Vote Yes on Prop. 81.*

BILL HAUCK, President
California Business Roundtable

JONATHAN LIGHTMAN, Executive Director
Faculty Association of California Community Colleges

TED LEMPERT, President
Children Now

PROPOSITION 81

This law proposed by Senate Bill 1161 (Statutes of 2004, Ch. 698) is submitted to the people in accordance with the provisions of Article XVI of the California Constitution.

This proposed law adds sections to the Education Code; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

SECTION 1. Chapter 12.5 (commencing with Section 20020) is added to Part 11 of the Education Code, to read:

CHAPTER 12.5. CALIFORNIA READING AND LITERACY IMPROVEMENT AND PUBLIC LIBRARY CONSTRUCTION AND RENOVATION BOND ACT OF 2006

Article 1. General Provisions

20020. This chapter shall be known and may be cited as the California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of 2006.

20021. The Legislature finds and declares the following:

(a) Reading and literacy skills are fundamental to success in our economy and our society.

(b) Public libraries are a vital part of the educational system. They provide resources and services for all residents of California, including preschoolers, out-of-school adults, senior citizens, and those attending schools at all levels.

(c) In many cases, libraries serve as a community's only public point of access to resources for learning and by extension, self-sufficiency.

(d) The construction and renovation of public library facilities is necessary to expand access to reading and literacy programs in California's public education system and to expand access to public library services for all residents of California.

(e) The need for library facilities continues to grow. A 2003 needs assessment compiled by the State Library found that there is a need for over two billion dollars ($2,000,000,000) in public library funding.

(f) In March 2000, California voters approved a bond measure of three hundred fifty million dollars ($350,000,000) for library construction and renovation.

(g) Due to the overwhelming response by applicants, the California Public Library Construction and Renovation Board will ultimately be forced to deny approximately 75 percent of all applications due to lack of additional bond funding.

20022. As used in this chapter, the following terms have the following meanings:

(a) "Committee" means the California Library Construction and Renovation Finance Committee established pursuant to Section 19972 and continued in existence pursuant to Section 20040 for the purposes of this chapter.

(b) "Fund" means the California Public Library Construction and Renovation Fund of 2006 established pursuant to Section 20024.

(c) "Board" means the California Public Library Construction and Renovation Board of 2006 established pursuant to Section 20023.

20023. (a) The California Public Library Construction and Renovation Board of 2006 is hereby established.

(b) The board is comprised of the State Librarian, the Treasurer, the Director of Finance, an Assembly Member appointed by the Speaker of the Assembly, a Senator appointed by the Senate Committee on Rules, and two members appointed by the Governor.

(c) Legislative members of the board shall meet with, and participate in, the work of the board to the extent that their participation is not incompatible with their duties as Members of the Legislature. For the purpose of this chapter, Members of the Legislature who are members of the board constitute a joint legislative committee on the subject matter of this chapter.

Article 2. Program Provisions

20024. The proceeds of bonds issued and sold pursuant to this chapter shall be deposited in the California Public Library Construction and Renovation Fund of 2006, which is hereby established.

20025. All moneys deposited in the fund, except as provided in Section 20049.5, are continuously appropriated to the State Librarian, notwithstanding Section 13340 of the Government Code, and are available for grants to any city, county, city and county, or library district that is authorized at the time of the project application to own and maintain a public library facility for the purposes set forth in Section 20026.

20026. The grant funds authorized pursuant to Section 20025, and the matching funds provided pursuant to Section 20033, shall be used by the recipient for any of the following purposes:

(a) Acquisition or construction of new facilities or additions to existing public library facilities.

(b) Acquisition of land necessary for the purposes of subdivision (a).

(c) Remodeling or rehabilitation of existing public library facilities or of other facilities for the purpose of their conversion to public library facilities. All remodeling and rehabilitation projects funded with grants authorized pursuant to this chapter shall include any necessary upgrading of electrical and telecommunications systems to accommodate Internet and similar computer technology.

(d) Procurement or installation, or both, of furnishings and equipment required to make a facility fully operable, if the procurement or installation is part of a construction or remodeling project funded pursuant to this section.

(e) Payment of fees charged by architects, engineers, and other professionals, whose services are required to plan or execute a project authorized pursuant to this chapter.

(f) Service charges where the services in question are required by the applicant jurisdiction to be provided by a public works or similar department, or by other departments providing professional services where the costs are directly billed to the project pursuant to this chapter.

20027. (a) An applicant for a grant for the acquisition, construction, remodeling, or rehabilitation of public library facilities under this chapter on land not currently possessed by that applicant, for a project that does not include an application for a grant to acquire that land pursuant to subdivision (b) of Section 20026, shall be deemed to comply with any administrative condition adopted pursuant to this chapter that the applicant own the land if the application is accompanied by a copy of a court order issued in an eminent domain action pursuant to Section 1255.410 of the Code of Civil Procedure that entitles the applicant to possession of the land.

(b) The terms "purchase of land" and "acquisition of land" as used in this chapter, or in any rule, regulation or policy adopted by the board pursuant to Section 20030, include, but are not limited to, the acquisition of land by eminent domain. For that purpose, the eligible cost of acquisition shall be the fair market value of the property as defined by Article 4 (commencing with Section 1263.310) of Chapter 9 of Title 7 of Part 3 of the Code of Civil Procedure, except that, if title to the land will not be transferred until after the application is submitted for a grant for the acquisition of the land, the eligible cost of acquisition may not exceed the appraised value of the land.

20028. Any grant funds authorized pursuant to Section 20025, or matching funds provided pursuant to Section 20033, may not be used by a recipient for any of the following purposes:

(a) Books and other library materials.

(b) Administrative costs of the project, including, but not limited to, the costs of any of the following:

(1) Preparation of the grant application.

(2) Procurement of matching funds.

(3) Conduct of an election for obtaining voter approval of the project.

(c) Except as set forth in this chapter, including, but not limited to, Section 20048, interest or other carrying charges for financing the project, including, but not limited to, costs of loans or lease-purchase agreements in excess of the direct costs of any of the authorized purposes specified in Section 20026.

(d) Any ongoing operating expenses for the facility, its personnel, supplies or any other library operations.

20029. All construction contracts for projects funded in part through grants awarded pursuant to this chapter shall be awarded through competitive bidding pursuant to Part 3 (commencing with Section 20100) of Division 2 of the Public Contract Code.

20030. This chapter shall be administered by the State

Librarian. The board shall adopt rules, regulations, and policies for the implementation of this chapter.

20031. A city, county, city and county, or library district may apply to the State Librarian for a grant pursuant to this chapter as follows:

(a) Each application shall be for a project for a purpose authorized by Section 20026.

(b) An application may not be submitted for a project for which construction bids already have been advertised.

(c) The applicant shall request not less than fifty thousand dollars ($50,000) per project.

20032. In making the awards, the board shall consider applications for construction or rehabilitation of public library facilities submitted pursuant to Section 20031 and the funding shall be allocated in the following manner:

(a) First priority shall be given to applications deemed eligible by the State Librarian, that were submitted but not funded in the third application cycle of the California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of 2000. Amounts awarded by the board for these applications may not exceed 50 percent of the total amount authorized pursuant to Section 20038.

(b) Until regulations are adopted pursuant to Section 20030, regulations adopted pursuant to the California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of 2000 (Chapter 12 (commencing with Section 19985)) govern the administration of this chapter.

(c) Funds not awarded for the third application cycle pursuant to the California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of 2000 shall be awarded on a competitive basis pursuant to this chapter.

(d) (1) Except as set forth in paragraph (2), an amount of at least twenty-five million dollars ($25,000,000) shall be made available for joint-use projects that meet all of the following requirements:

(A) The joint-use project is with one or more public education institutions. For the purpose of this section, "public education institution" means any of the following:

(i) A school district maintaining any combination of educational settings from kindergarten to grade 12, inclusive.

(ii) A county office of education.

(iii) A community college district.

(iv) A campus of the California State University.

(v) A campus of the University of California.

(B) The public education institution or institutions participating as a joint-use partner or partners provide at least 50 percent of the 35 percent local matching funds required pursuant to subdivision (a) of Section 20033.

(C) Consideration may be given to a proposed joint-use project to be located in a low-income area.

(D) Consideration may be given to a proposed joint-use project to be located in an area in which public schools have low scores on the Academic Performance Index.

(2) If, by March 2, 2010, the total dollar amount of all approved applications for joint-use projects pursuant to this section exceeds the total dollar amount made available for joint-use projects pursuant to paragraph (1), joint-use projects may also be funded from any other funds available to the board under this chapter.

(3) If, by March 2, 2010, the total dollar amount of all approved applications for joint-use projects pursuant to this section is less than the total dollar amount made available for joint-use projects pursuant to paragraph (1), any remaining funds under paragraph (1) shall be made available for any other grants under this chapter awarded on a competitive basis in the same manner as set forth in subdivision (c).

20033. (a) Each grant recipient shall provide matching funds from any available source in an amount equal to 35 percent of the costs of the project. The remaining 65 percent of the costs of the project, up to a maximum of twenty million dollars ($20,000,000) per project, shall be provided through allocations from the fund.

(b) Qualifying matching funds shall be cash expenditures in the categories specified in Section 20026 which are made not earlier than five years prior to the submission of the application to the State Librarian. Except as otherwise provided in subdivision (c), in-kind expenditures do not qualify as matching funds.

(c) Land donated or otherwise acquired for use as a site for the facility, including, but not limited to, land purchased more than five years prior to the submission of the application to the State Librarian, may count towards the required 35 percent local fund contribution at its appraised value as of the date of the application. This subdivision does not apply to land acquired with funds authorized pursuant to Part 68 (commencing with Section 100400), Part 68.1 (commencing with Section 100600), or Part 68.2 (commencing with Section 100800) if approved by the voters.

(d) Expenditures for payment of architect fees for plans and drawings for library renovation and new construction, including, but not limited to, plans and drawings purchased more than five years prior to the submission of the application to the State Librarian, may count towards the required 35 percent local funds contribution.

20034. (a) The estimated costs of a project for which an application is submitted shall be consistent with normal public construction costs in the geographic area of the applicant.

(b) An applicant wishing to construct a project having costs that exceed normal public construction costs in the area may apply for a grant in an amount not to exceed 65 percent of the normal costs up to a maximum of twenty million dollars ($20,000,000) per project if the applicant certifies that it is capable of financing the remainder of the project costs from other sources.

20035. After an application has been approved by the board and included in the request of the State Librarian to the committee, the amount of the funding to be provided to the applicant may not be increased. Any actual changes in project costs are the responsibility of the applicant. If the amount of funding that is provided is greater than the cost of the project, the applicant shall return that amount of funding that exceeds the cost of the project to the fund. If an applicant has been awarded funding by the board, but decides not to proceed with the project, the applicant shall return all of the funding to the fund.

20036. (a) In reviewing applications, as part of establishing the priorities set forth in Section 20032, the board shall consider all of the following factors:

(1) The needs of urban, suburban, and rural areas.

(2) The age and condition of existing library facilities within an area.

(3) The degree to which existing library facilities are inadequate in meeting the needs of the residents in the library service area.

(4) The degree to which the proposed project responds to the needs of the residents in the library service area.

(5) The degree to which the library integrates appropriate electronic technologies into the proposed project.

(6) The degree to which the proposed site is appropriate for the proposed project and its intended use.

(7) The financial commitment of the local agency submitting the application to open, operate, and maintain the proposed library project upon its completion.

(b) If, after an application has been submitted, material changes occur that would alter the evaluation of an application, the State Librarian may accept an additional written statement from the applicant for consideration by the board.

20037. (a) A facility, or any part thereof, acquired, constructed, remodeled, or rehabilitated with grants received pursuant to this chapter shall be dedicated to public library direct service use for a period of at least 20 years following completion of the project.

(b) Any financial interest that the state may have in the land or facility, or both, resulting from the funding of a project under this chapter, as described in subdivision (a), may be transferred by the State Librarian through an exchange for a replacement site and facility acquired or constructed for the purpose of providing public library direct service.

(c) If the facility, or any part thereof, acquired, constructed, remodeled, or rehabilitated with grants received pursuant to this chapter ceases to be used for public library direct service prior to the expiration of the period specified in subdivision (a), the board shall be entitled to recover from the grant recipient, or the successor of the recipient, an amount that bears the same ratio to the value of the facility, or appropriate part thereof, at the time it ceased to be used for public library direct service,

as the amount of the original grant bore to the original cost of the facility, or appropriate part thereof. For purposes of this subdivision, the value of the facility, or appropriate part thereof, shall be determined by the mutual agreement of the board and the grant recipient or successor, or through an action brought for that purpose in the superior court.

(d) Notwithstanding subdivision (f) of Section 16724 of the Government Code, any money recovered pursuant to subdivision (c) shall be deposited in the fund, and shall be available for the purpose of awarding grants for other projects.

Article 3. Fiscal Provisions

20038. Bonds in the total amount not to exceed a total of six hundred million dollars ($600,000,000), exclusive of refunding bonds issued in accordance with Section 20046, or so much thereof as is necessary, may be issued and sold for deposit in the fund to be used in accordance with, and for carrying out the purposes expressed in, this chapter, including all acts amendatory thereof and supplementary thereto, and to be used to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. The bonds, when sold, shall be and constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both principal and interest on bonds as the principal and interest become due and payable.

20039. The bonds authorized by this chapter shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), and all of the provisions of that law apply to the bonds and to this chapter and are hereby incorporated in this chapter as though set forth in full in this chapter, except Section 16727 of the Government Code to the extent that it may be inconsistent with this chapter.

20040. (a) For purposes of this chapter, the California Library Construction and Renovation Finance Committee established pursuant to Section 19972 is continued in existence and is the "committee" as that term is used in the State General Obligation Bond Law for the purpose of this chapter.

(b) For purposes of the State General Obligation Bond Law, the California Public Library Construction and Renovation Board of 2006 established pursuant to Section 20023 is designated the board.

20041. The committee shall determine whether or not it is necessary or desirable to issue bonds authorized pursuant to this chapter in order to carry out the actions specified in this chapter, including all acts amendatory thereof and supplementary thereto, and, if so, the amount of bonds to be issued and sold. Successive issues of bonds may be authorized and sold to carry out those actions progressively, and it is not necessary that all of the bonds authorized to be issued be sold at any one time.

20042. There shall be collected each year and in the same manner and at the same time as other state revenue is collected, in addition to the ordinary revenues of the state, a sum in an amount required to pay the principal of, and interest on, the bonds each year. It is the duty of all officers charged by law with any duty in regard to the collection of the revenue to do and perform each and every act that is necessary to collect that additional sum.

20043. Notwithstanding Section 13340 of the Government Code, there is hereby appropriated from the General Fund in the State Treasury, for the purposes of this chapter, an amount that will equal the total of the following:

(a) The sum annually necessary to pay the principal of, and interest on, bonds issued and sold pursuant to this chapter, as the principal and interest become due and payable.

(b) The sum necessary to carry out Section 20044, appropriated without regard to fiscal years.

20044. For the purposes of carrying out this chapter, the Director of Finance may authorize the withdrawal from the General Fund of an amount or amounts not to exceed the amount of the unsold bonds that have been authorized to be sold for the purpose of carrying out this chapter. Any amounts withdrawn shall be deposited in the fund. Any money made available under this section shall be returned to the General Fund, with interest at the rate earned by the money in the Pooled Money Investment Account during the time the money was withdrawn from the General Fund pursuant to this section, from money received from the sale of bonds for the purpose of carrying out this chapter.

20045. The board may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account or any other approved form of interim financing, in accordance with Section 16312 of the Government Code, for the purposes of carrying out this chapter. The amount of the request may not exceed the amount of the unsold bonds that the committee has, by resolution, authorized to be sold for the purpose of carrying out this chapter. The board shall execute any documents required by the Pooled Money Investment Board to obtain and repay the loan. Any amounts loaned shall be deposited in the fund to be allocated by the board in accordance with this chapter.

20046. Any bonds issued and sold pursuant to this chapter may be refunded by the issuance of refunding bonds in accordance with Article 6 (commencing with Section 16780) of Chapter 4 of Part 3 of Division 2 of Title 2 of the Government Code. Approval by the electors of the state for the issuance of bonds under this chapter shall include the approval of the issuance of any bonds issued to refund any bonds originally issued or any previously issued refunding bonds.

20047. Notwithstanding any other provision of this chapter, or of the State General Obligation Bond Law, if the Treasurer sells bonds pursuant to this chapter that include a bond counsel opinion to the effect that the interest on the bonds is excluded from gross income for federal tax purposes, subject to designated conditions, the Treasurer may maintain separate accounts for the investment of bond proceeds and for the investment earnings on those proceeds. The Treasurer may use or direct the use of those proceeds or earnings to pay any rebate, penalty, or other payment required under federal law or take any other action with respect to the investment and use of those bond proceeds required or desirable under federal law to maintain the tax-exempt status of those bonds and to obtain any other advantage under federal law on behalf of the funds of this state.

20048. All money deposited in the fund that is derived from premium and accrued interest on bonds sold pursuant to this chapter shall be reserved in the fund and shall be available for transfer to the General Fund as a credit to expenditures for bond interest.

20049. The Legislature hereby finds and declares that, inasmuch as the proceeds from the sale of bonds authorized by this chapter are not "proceeds of taxes" as that term is used in Article XIII B of the California Constitution, the disbursement of these proceeds is not subject to the limitations imposed by that article.

20049.5. Amounts deposited in the fund pursuant to this chapter may be appropriated in the annual Budget Act to the State Librarian for the actual amount of office, personnel, and other customary and usual expenses incurred in the direct administration of grant projects pursuant to this chapter, including, but not limited to, expenses incurred by the State Librarian in providing technical assistance to an applicant for a grant under this chapter.